



Dear Agent:

Thank you for your interest in Priority Health. Enclosed are your Agent Application, Agent Agreement, Assignment of Commissions, and Commissions Schedule for the MyPrioritySM individual plans, Priority Health Medigap Plans and Priority Health Medicare Plans. Please fill out the enclosed documents and return them to our Agent Services Coordinator via fax, mail or e-mail.

Fax: 616.842.3889

Mail: Multi-State Insurance Center
235 Fulton Street, Ste. 200
Grand Haven, MI 49417

E-mail: Laura@multistateinsurance.com

Below are some helpful reminders for completing the enclosed documents:

- Priority Health's policy is to contract with the individual agent. On page 1, please provide the agent's name and the primary place of business.
- Complete the Assignment of Commissions, which is attachment B to the Agreement. Commissions can be paid to the individual Agent, the General Agent, Field Marketing Organization, or to the Agency.
- Complete page 8 with the Agent information.
- The W9 must match the Assignment of Commission. If payment is to the Agency or General Agent, the W9 needs to be completed with the Agency or General Agent information, respectively; if payment is to the individual Agent, the W9 needs to be completed with Agent's information.

NOTE: Approval and appointment to sell Priority Health Medicare Plans is incomplete until all certification requirements for Medicare Advantage (MAPD) sales are completed.

Once your Application is approved and you are appointed as a Priority Health agent, you'll receive a confirmation e-mail that includes your broker number and a user name to access the Individual Agent Center at priorityhealth.com.

If you have any questions, please call our Agent Services Coordinator at 800.367.8933. We look forward to working with you.

Enclosures

**Priority Health Individual Market
AGENT AGREEMENT**

This Agreement is made as of the ___ day of _____, 20__ (the “effective date”) between PRIORITY HEALTH, a Michigan nonprofit corporation and health maintenance organization (“Priority Health”) and PRIORITY HEALTH INSURANCE COMPANY, a Michigan insurance company (“PHIC”) (collectively the “Companies”) and _____ with a principal place of business at _____ (“Agent”).

RECITALS:

1. Priority Health has a certificate of authority to operate a health maintenance organization, offering Medicare Supplement (Medigap) plans and Medicare Advantage plans (the “Medicare Plans”). Priority Health has been designated by the Center for Medicare and Medicaid Services (“CMS”) as a sponsor of Medicare Advantage plans.
2. PHIC has a certificate of authority to operate an insurance company, offering individual insurance plans such as the My**Priority**SM Plans (the “Individual Plans”) and Medicare Prescription Drug Plans (included with “Medicare Plans”). The Medicare Plans and the Individual Plans are referred to collectively as the “Plans.” PHIC has been designated by CMS as a Prescription Drug Plan.
3. Agent is licensed in Michigan to market or sell individual health benefit plans. Agent must also be certified by Priority Health to sell the Medicare Plans.
4. Agent is designated as Agent by a member of the general public (“Individual”) purchasing a Plan.
5. The Companies and Agent desire to enter into an agreement according to which Agent shall market the Plans and the Companies shall compensate Agent for Agent's services.
6. Agent is a “business associate” of the Companies as such term is defined by federal regulations promulgated under the Health Insurance Portability and Accountability Act of 1996 (as amended, “HIPAA”).

ACCORDINGLY, the parties agree as follows:

1. Services to the Companies.

- 1.1. The Companies authorize Agent to represent, and Agent agrees to represent, the Companies in the marketing of the Individual Plans to Individuals. In representing the Companies in the marketing of the Individual Plans, Agent shall
 - 1.1.1. Only utilize sales material, including advertising materials, authorized by the Companies,
 - 1.1.2. Adhere to all policies, rules and regulations provided by the Companies or their representatives to Agent in writing with regard to sales or marketing (including, without limitation, Attachment A to this Agreement) and applicable federal and state laws, and

- 1.1.3. Make no misrepresentations concerning the Companies, the Individual Plans, or any related matter.
 - 1.2. The Companies authorize Agent to represent, and Agent agrees to represent, the Companies in the marketing of the Medicare Plans to Individuals. In representing the Companies in the marketing of the Medicare Plans, Agent shall
 - 1.2.1. Only utilize Medicare Advantage sales material, including advertising materials, authorized by the Companies, and approved by the Centers for Medicare and Medicaid Services (CMS) when applicable,
 - 1.2.2. Only utilize Medicare Supplement (Medigap) sales material, including advertising materials, provided by the Companies, and approved by the Office of Financial and Insurance Regulation (OFIR),
 - 1.2.3. Adhere to all policies, rules and regulations provided by the Companies or their representatives to Agent in writing with regard to sales or marketing (including, without limitation, Attachment A to this Agreement),
 - 1.2.4. Make no misrepresentations concerning the Companies, the Medicare Plans, or any related matter, and,
 - 1.2.5. Comply with any and all applicable requirements that govern Companies' Medicare plans, cooperate and comply with any and all policies, procedures, instructions and directives, oral or written, that Companies may require to ensure compliance with such requirements. Specifically, compliance with this provision includes, but is not limited to, compliance with the Priority Health Medicare Training Manual, CMS Medicare Marketing Guidelines, and the CMS Medicare Managed Care Manual, including the Part D requirements. Agent agrees to promptly report to Companies all marketing allegations, as defined in the Priority Health Medicare Training Manual. Agent understands that any finding of fault relating to a marketing allegation or any violation of this provision will result in immediate termination of this Agreement.
- 1.3. Agent agrees to use Agent's best efforts to promote mutually beneficial and ongoing relationships between the Companies and Individuals enrolled or wishing to enroll with the Companies.
- 1.4. Agent shall use best efforts to ensure that each application for the Individual Plans and the Medicare Plans is fully and truthfully completed by the applicant and the application fully and accurately reflects and discloses the circumstances, including health conditions, of persons for whom coverage is sought in the application. Agent further agrees to inform every applicant that the Companies will rely on said health representations in the underwriting process, if applicable.
- 1.5. Any sums of money, whether tendered by check, cash or otherwise, delivered to Agent by any person for the Companies, shall be delivered immediately to the Companies.
- 1.6. Agent agrees to maintain complete and separate records for the Companies for a

period of at least seven (7) years of all transactions pertaining to applications submitted to and accepted by the Companies, and any other documents as may be required by OFIR, CMS, or other governmental agency. Any and all records described above or as may otherwise relate to Agent's activities in connection with the Companies' business shall be accessible and available to representatives of the Companies who may audit them from time to time while this Agreement is in effect or within seven (7) years after termination thereof.

In the case of business for the Medicare Plans, Agent agrees to maintain complete and separate records for the Companies for a period of at least ten (10) years of all transactions pertaining to applications submitted to and accepted by the Companies, and any other documents as may be required by OFIR, CMS, or other governmental agency. Any and all records described above or as may otherwise relate to Agent's activities in connection with the Companies business shall be accessible and available to representatives of the Companies who may audit them from time to time while this Agreement is in effect or within ten (10) years after termination thereof.

- 1.7. Companies shall have the right, during normal business hours and with reasonable notice, to inspect, audit, and make copies of books and records of the Agent for the purpose of verifying Agent's compliance with the terms and obligations of this Agreement.
- 1.8. Agent agrees to maintain Agent's State of Michigan Health Insurance License (Agent's "License"), which should include Accident and Health qualifications, during the term of this Agreement. From time to time, upon the request of the Companies, Agent will provide the Companies with a copy of Agent's License.
- 1.9. Agent agrees to obtain and maintain Agent's certification for Medicare Advantage and/or Medicare Prescription Drug Plan (MAPD) sales during the term of this Agreement.
- 1.10. Agent agrees to notify Companies immediately if the Agent's license is suspended or modified or if Agent's insurance is cancelled or modified.
- 1.11. Agent agrees to promptly notify the Companies of any disciplinary proceedings related to Agent's License or certification for Medicare Advantage and/or MAPD sales, including notice of any investigatory proceedings instituted by CMS and/or OFIR.
- 1.12. All expenses incurred by Agent in his or her performance of duties under this Agreement shall be borne exclusively by Agent and not by the Companies. Agent hereby indemnifies and holds the Companies harmless from and against any and all claims, suits, or actions by third parties for the payment of expenses or commissions.
- 1.13. Agent shall indemnify and hold the Companies harmless from and against any and all claims, lawsuits, demands, liabilities, taxes (including taxes on compensation), charges, judgments, settlements, costs, penalties and expenses of whatever kind or nature the Companies may sustain or incur at any time and arising in any manner out of an act, error or omission by Agent.
- 1.14. Companies shall indemnify and hold the Agent harmless from and against any and

all claims, lawsuits, demands, liabilities, taxes (including taxes on compensation), charges, judgments, settlements, costs, penalties and expenses of whatever kind or nature the Agent may sustain or incur at any time and arising in any manner out of an act, error or omission by Companies.

- 1.15. Agent agrees to establish an Individual Agent Center account at www.priorityhealth.com. At Companies' Individual Agent Center website, Agent will have access to resources and tools such as agent policies and procedures, reference materials, commission statements, Priority Health news and agent updates. In addition, all process and procedure guidelines for establishing new Individual coverage, renewing existing Individual coverage or presenting Priority Health products to an Individual or a group of Individuals can be accessed.
- 1.16. Agent warrants that he/she has not been convicted of any criminal act involving dishonesty or breach of trust or been convicted of an offense under Section 14033 of the Violent Crime Control and Law Enforcement Act of 1994. Further, Agent agrees to immediately inform the Companies of any conviction of the types described in the preceding sentence.

2. Term and Termination

- 2.1. Term. The initial term of this Agreement shall be for one year from the date set forth above. This Agreement shall automatically renew at the end of the initial term and continue in effect for successive one year terms thereafter until terminated in accordance with subsection 2.2.

2.2. Termination

- 2.2.1 Termination due to death or disability. This Agreement will be terminated automatically upon the death or commencement of total and permanent disability of Agent.
- 2.2.2. Termination for Cause. This Agreement may be terminated for cause on the date specified in a written notice given by either party upon not less than 30 days' prior written notice. For purposes of this Agreement, a termination shall be "for cause" if it is based upon any material breach by the other party of any of the terms of this Agreement.
- 2.2.3. Termination Without Cause. This Agreement may be terminated by either party without cause upon 30 days' prior written notice.
- 2.2.4. Immediate Termination. The Companies may terminate this Agreement immediately at any time by providing written notice to Agent in the event that:
 - Agent's License is revoked, suspended or restricted, or Agent otherwise becomes unqualified to market the Plans in the State of Michigan; or
 - Agent has committed or attempted to commit fraud against the Companies or Individual(s) or has been dishonest about some important or material matter; or

- Agent has committed theft, misappropriated money, or breached any fiduciary duty.
- CMS determines that this Agreement is improper.

2.2.5. Agent Certification. If Agent does not comply with the Companies' agent certification program, if any, the Companies may terminate this Agreement at their discretion.

2.2.6. Immediate payment of sums. Agent shall immediately pay in cash any sums due to the Companies at the time of termination.

2.2.7 Return of Companies' Property. Agent shall return within five business days of the termination of this Agreement all property belonging to Companies as described below in Section 3 (Proprietary Information).

2.2.8. Commissions on Termination of Agreement with Cause. Upon termination with cause, Companies shall pay Agent commissions which are earned prior to termination of this Agreement but have not been paid. Commissions are considered earned for premiums paid through the end of the month in which this Agreement is terminated.

3. Proprietary Information.

3.1. Agent acknowledges that the Companies have developed certain symbols, trademarks, service marks, data, processes, plans, procedures and information which are proprietary information and trade secrets of the Companies (the "Proprietary Information"). At all times, both during Agent's performance of services pursuant to this Agreement and after the termination of this Agreement, Agent agrees not to use or permit the use of the Proprietary Information, except as expressly contemplated by this Agreement, without the prior written consent of the Companies. Agent shall cease or cause the cessation of any and all usage of the Proprietary Information and shall return any Proprietary Information, including all sales materials for the Plans, to the Companies immediately upon termination of this Agreement.

4. Confidential Member Information.

4.1. The Companies and Agent acknowledge and agree that personal and medical information of the Companies' members ("Protected Health Information") is entitled to protection from disclosure beyond the requirements for Proprietary Information. The parties, therefore, agree that the obligations to protect the confidentiality of Protected Health Information shall remain in effect in perpetuity. Agent may release Protected Health Information only as permitted by the Business Associate Agreement addendum attached to this Agreement as Attachment C.

5. Disclaimer of Interest.

5.1. Agent covenants and agrees that any contracts between the Companies and the Individuals are the exclusive property of the Companies and that Agent has no property or other interest whatsoever in such contracts.

6. Liability Insurance.

- 6.1. Agent shall obtain, and maintain in effect during the term of this Agreement, errors and omissions liability insurance (with a carrier and in an amount acceptable to the Companies) covering Agent while rendering services under this Agreement. Upon the Companies' request, Agent will furnish a certificate of insurance evidencing such coverage. The errors and omissions insurance will have minimum amounts of \$500,000 per occurrence and \$750,000 dollars in the aggregate.

7. Entire Agreement.

- 7.1. This Agreement and all other documents expressly made a part of this Agreement, including the completed Priority Health Agent Application and any required attachments, shall constitute the entire agreement between the parties relating to the subject matter of this Agreement. Each party acknowledges that no representation, inducement, promise or agreement has been made, orally or otherwise, by another party, unless such representation, inducement, promise or agreement is embodied in this Agreement, expressly or by incorporation.

8. Amendment.

- 8.1. Either party may amend this Agreement upon written notice to the other if amendment is necessary in order to comply with applicable law. The Companies may amend this Agreement upon 30 days' prior written notice to Agent, unless Agent objects in writing within 15 days of the date the Companies sent the notice of amendment. If the Companies receive such a timely objection, the Companies and Agent will make a good faith effort to resolve the objection. If the objection cannot be resolved to the mutual satisfaction of the parties, either party may terminate the Agreement upon 30 days' written notice to the other party.

9. Companies' Business.

- 9.1 Without liability to you, we may in our sole discretion, periodically and at any time:
- Retire and/or withdraw from any territories;
 - Discontinue and/or withdraw any Plan or product in any territory without prejudice to our right to continue use of said Plan or product in any other territory;
 - Discontinue and/or withdraw any Plan or product in all territories;
 - Resume the issuance or use of any Plan or product in any territory or territories at any time.

10. Waiver.

- 10.1. Failure by the Companies to insist upon compliance with any provision of this Agreement at any time or under any set of circumstances shall not operate to waive or modify the provision or in any manner render it unenforceable as to any other time. No waiver of any terms or conditions of this Agreement shall be valid or of any force or effect unless contained in a written memorandum specifically expressing such waiver and signed by a person duly authorized by the Companies to consent to such waiver.

11. Governing Law.

- 11.1. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Michigan (without reference to any principles of conflicts of laws).
- 11.2. Companies and Agent shall comply with all applicable state and federal laws and regulations applicable to their businesses, their licenses and transactions into which they enter, including but not limited to all applicable Medicare Advantage, Medicare Part D and/or Medicare Supplement laws, CMS policies and marketing guidelines, as well as the Federal Communications Commission's final rule amending the Telephone Consumer Protection Act.

12. Captions.

- 12.1. Captions used in this Agreement are for the convenience of the parties only and are not intended to be used in the interpretation of this Agreement.

13. Invalid Provisions.

- 13.1. Any paragraph, sentence, phrase or other provision of this Agreement that is in conflict with any applicable statute or other law, or regulation will be considered, if possible, to be modified or altered to conform to that statute, law or regulation and, if not possible, to be omitted. The invalidity of any portion of this Agreement will not affect the remaining provisions of this Agreement.

14. No Third-Party Obligations.

- 14.1. The obligations of each party to this Agreement shall inure solely to the benefit of the other party, and no person or entity shall be a third-party beneficiary of this Agreement.

15. Notices.

- 15.1. Any notice or other communication to be given pursuant to this Agreement shall be in writing and shall be deemed to have been received by the party to whom it is addressed three business days after it is delivered personally or deposited in the United States mail, postage prepaid, return receipt requested and addressed as follows.

- 15.2. If to the Companies:

Director, Individual Market
34505 West 12 Mile Rd.
Farmington Hills, MI 48331

AND

General Counsel
1231 E. Beltline, NE
Grand Rapids, MI 49425-4501

15.3. If to Agent:

Any notices required under this Agreement shall be sent to the address given by Agent on the signature page below unless a written change of address notification is received from Agent.

16. Assignment.

16.1. Neither party may assign this Agreement except with the prior written consent of the other party. Unless otherwise agreed, any such assignor shall remain liable for all assigned obligations in the event of any failure of performance by the assignee. All of the terms, provisions and obligations of this Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective heirs, representatives, successors and assigns.

17. Relationship of Parties.

17.1. None of the provisions of this Agreement are intended to create, nor shall be deemed or construed to create, any relationship between the Companies and Agent other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement. Except as this Agreement provides otherwise, none of the parties, nor any of their respective employees or agents, shall be construed to be the agent, partner, co-venturer, employee, or representative of the other.

18. Counterparts.

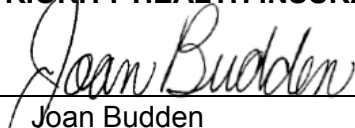
18.1. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

AGENT

**PRIORITY HEALTH
PRIORITY HEALTH INSURANCE COMPANY**

Signature



Joan Budden
Chief Marketing Officer

Dated: _____

ATTACHMENT C

HIPAA BUSINESS ASSOCIATE AGREEMENT

This HIPAA Business Associate Agreement (the “BAA”), is made a part of the Agent Agreement by and between Agent (“Business Associate”) and Priority Health and Priority Health Insurance Company (collectively, “Priority Health”). It shall become effective the date of execution and shall serve as an exhibit to the Agent Agreement (the “Agreement”) that was simultaneously entered into between Business Associate and Priority Health.

In consideration for Business Associate’s access to and/or use of Protected Health Information for those purposes allowed by HIPAA and the HITECH Act consistent with the terms of the Agreement, Business Associate and Priority Health agree as follows:

1. **Definitions.** As used in the Agreement:

1.1. “Designated Record Set” shall mean a group of records maintained by or for Priority Health that is (i) the medical records and billing records about individuals maintained by or for Priority Health, (ii) the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or (iii) used, in whole or in part, by or for Priority Health to make decisions about individuals. As used herein, the term “Record” means any item, collection, or grouping of information that includes Protected Health Information and is maintained, collected, used, or disseminated by or for Priority Health.

1.2. “Electronic Protected Health Information” means Protected Health Information transmitted by or maintained in electronic media.

1.3. “HIPAA” shall mean the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act, Public Law 104-191, and any amendments thereto.

1.4. “HIPAA Transaction” shall mean Transactions as defined in 45 C.F.R. § 160.103 of the Transaction Standards.

1.5. “HITECH Act” means Subtitle D of the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009 (42 U.S.C. §§ 17921 – 53).

1.6. “Individual” shall have the same meaning as the term “individual” in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

1.7. “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, as they exist now or as they may be amended.

1.8. “Protected Health Information” shall have the same meaning as the term “protected health information” in 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Priority Health.

1.9. “Required by Law” shall have the same meaning as the term “required by law” in 45 C.F.R. § 164.103.

1.10. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his designee.

1.11. “Security Standards” shall mean the Security Standards at 45 C.F.R. Parts 160, 162, and 164, as they exist now or as they may be amended.

1.12. “Transaction Standards” shall mean the Standards for Electronic Transactions, 45 C.F.R. 160 and 162, as they exist now or as they may be amended.

1.13. Terms used, but not otherwise defined, in the Agreement shall have the same meaning as those terms in 45 C.F.R. §§ 160.103 and 164.501.

2. **Obligations and Activities of Business Associate.**

2.1. Business Associate agrees that it shall not, and that its directors, officers, employees, contractors and agents shall not, use or further disclose Protected Health Information other than as permitted or required by the Agreement or as Required by Law.

2.2. Business Associate shall develop, implement, maintain and use appropriate safeguards to prevent the use or disclosure of Protected Health Information other than as provided for by the Agreement.

2.3. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical safeguards in compliance with the HITECH Act and applicable provisions of the Security Standards (including 45 C.F.R. §§ 164.308, 310, 312, 316 and 164.530(c)) and any other applicable implementing regulations issued by the U.S. Department of Health and Human Services, to preserve the integrity, confidentiality, and availability of and to prevent non-permitted use or disclosure of Protected Health Information transmitted by or maintained in electronic media. Business Associate will develop and implement written policies and procedures for these safeguards and will keep them current.

2.4. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of the Agreement.

2.5. Notification of Privacy or Security Breach

2.5.1. Breach Notification. Business Associate shall report, following discovery and without unreasonable delay, any “breach” of “unsecured Protected Health Information,” as these terms are defined in 45 C.F.R. § 164.402. In any event, Business Associate shall make such report within ten (10) days. Business Associate shall cooperate with Priority Health in investigating the breach and in meeting the Priority Health’s obligations under the breach notification provisions of HIPAA (45 C.F.R. Part 164 Subpart D).

2.5.2. Privacy Breaches. With respect to any incident not subject to reporting under § 2.5.1 of this Agreement, Business Associate shall promptly report to Priority Health any use or disclosure of Protected Health Information of which it becomes aware that is not permitted or required by this Agreement.

2.5.3. Security Breaches. With respect to any incident not subject to reporting under § 2.5.1 or § 2.5.2 of this Agreement, Business Associate shall report to Priority Health any successful (a) unauthorized access, use, disclosure, modification, or destruction of Priority Health’s Electronic Protected Health Information or (b) unauthorized interference with system operations in Business Associate’s information system, of which Business Associate becomes aware. Business Associate shall, upon Priority Health’s request, report to Priority Health any attempted, but unsuccessful (a) unauthorized access, use, disclosure, modification, or destruction of Priority Health’s Electronic Protected Health Information or (b) unauthorized interference with system operations in Business Associate’s information systems, of which Business Associate becomes aware.

2.6. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information agrees in writing to the same restrictions and conditions that apply through the Agreement to Business Associate with respect to Protected Health Information and Electronic Protected Health Information.

2.7. Business Associate agrees to make its internal practices, books, and records relating to the use and disclosure of Protected Health Information available to Priority Health, or at the request of Priority Health to the Secretary, in a time and manner designated by Priority Health or the Secretary, for purposes of the Secretary determining Priority Health's compliance with the Privacy Rule.

2.8. Business Associate agrees to document disclosures of Protected Health Information, and information related to such disclosures, as would be required for Priority Health to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528. Business Associate agrees to implement an appropriate record keeping process that will track, at a minimum, the following information: (i) the date of the disclosure; (ii) the name of the entity or person who received the Protected Health Information, and if known, the address of such entity or person; (iii) a brief description of the Protected Health Information disclosed; and (iv) a brief statement of the purpose of such disclosure which includes an explanation of the basis for such disclosure.

2.9. Business Associate agrees to provide to Priority Health or an Individual, in a time and manner designated by Priority Health, information collected in accordance with Section 2.8 of the BAA, to permit Priority Health to respond to a request by an Individual for an accounting of disclosures of Protected Health Information during the six (6) years prior to the date on which the accounting was requested, in accordance with 45 C.F.R. § 164.528.

2.10. In the event Business Associate receives a subpoena, court or administrative order or other discovery request or mandate for release of Protected Health Information, Priority Health shall have the right to control Business Associate's response to such request. Business Associate shall notify Priority Health of the request as soon as reasonably practicable, but in any event within two (2) business days of receipt of such request.

3. Permitted Uses and Disclosures by Business Associate

3.1. General Use. Except as otherwise limited in the Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Priority Health, provided that such use or disclosure would not violate (i) the Privacy Rule or the HITECH Act if done by Priority Health or (ii) the minimum necessary policies and procedures of the Priority Health.

3.2. Specific Use and Disclosure Provisions

3.2.1. Except as otherwise limited in the Agreement, Business Associate may use Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.

3.2.2. Except as otherwise limited in the Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of Business Associate, provided that disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

3.2.3. Except as otherwise limited in the Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Priority Health as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).

3.2.4. Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. § 164.502(j)(1).

4. **Obligations of Priority Health.**

4.1. Priority Health shall notify Business Associate of any limitation(s) in the notice of privacy practices of Priority Health in accordance with 45 C.F.R. § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information.

4.2. Priority Health shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information.

4.3. Priority Health shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Priority Health has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

4.4. Priority Health shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Priority Health, except as specifically allowed by section 3.2 of the BAA.

5. **Term and Termination.**

5.1. Term. The Term of the BAA shall be effective as of the date it is executed, and shall terminate when all of the Protected Health Information provided by Priority Health to Business Associate, or created or received by Business Associate on behalf of Priority Health, is destroyed or returned to Priority Health, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.

5.2. Priority Health's Termination for Breach. Upon Priority Health's knowledge of a material breach of the terms of the BAA by Business Associate, Priority Health shall:

5.2.1. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate the BAA if Business Associate does not cure the breach or end the violation within the time specified by Priority Health;

5.2.2. Immediately terminate the BAA if Business Associate has breached a material term of the BAA and cure is not possible; or

5.2.3. If neither termination nor cure is feasible, report the violation to the Secretary.

5.3. Business Associate's Termination for Breach. Upon Business Associate's knowledge of a material breach of the terms of the BAA by Priority Health, Business Associate shall:

5.3.1. Provide an opportunity for Priority Health to cure the breach or end the violation and terminate the BAA if Priority Health does not cure the breach or end the violation within the time specified by Business Associate;

5.3.2. Immediately terminate the BAA if Priority Health has breached a material term of the BAA and cure is not possible; or

5.3.3. If neither termination nor cure is feasible, report the violation to the Secretary.

5.4. Other Conditions Allowing for Immediate Termination. Notwithstanding anything to the contrary in the BAA, Priority Health may terminate the BAA immediately upon written notice to Business Associate, without any term of notice and/or judicial intervention being required, and without liability for such termination, in the event that:

5.4.1. Business Associate receives (i) a criminal conviction, (ii) is excluded, barred or otherwise ineligible to participate in any government health care program, including but not limited to Medicare, Medicaid, CHAMPUS or Tricare; (iii) is named as a defendant in a criminal proceeding for a violation of any information privacy and protection law; or (iv) is found to have or stipulates that it has violated any privacy, security or confidentiality protection requirements under any applicable information privacy and protection law in any administrative or civil proceeding in which Business Associate has been joined;

5.4.2. A trustee or receiver is appointed for any or all property of Business Associate;

5.4.3. Business Associate becomes insolvent or unable to pay debts as they mature, or ceases to so pay, or makes an assignment for benefit of creditors;

5.4.4. Bankruptcy or insolvency proceedings under bankruptcy or insolvency code or similar law, whether voluntary or involuntary, are properly commenced by or against Business Associate;

5.4.5. Business Associate is dissolved or liquidated.

5.5. Effect of Termination.

5.5.1. Except as provided in paragraph 5.4.2 of this section, upon termination of the BAA, for any reason, Business Associate shall return or destroy all Protected Health Information. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

5.5.2. In the event that return or destruction of the Protected Health Information is infeasible, Business Associate shall extend the protections of the BAA to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

6. Miscellaneous.

6.1. Assignment. No party may assign or transfer any or all of its rights and/or obligations under the BAA or any part of it, nor any benefit or interest in or under it, to any third party without the prior written consent of the other party, which shall not be unreasonably withheld.

6.2. Survival. The respective rights and obligations of Business Associate under Section 5.4 of the BAA shall survive the termination of the BAA.

6.3. Interpretation. Any ambiguity in the BAA shall be resolved to permit Priority Health to comply with the Privacy Rule, Security Standards, Transaction Standards, and HITECH Act.

6.4. Indemnification. Business Associate shall indemnify Priority Health for any and all claims, inquiries, costs or damages, including but not limited to any monetary penalties, that Priority Health incurs arising from a violation by Business Associate of its obligations hereunder. In turn, Priority Health shall indemnify Business Associate for any and all claims, inquiries, costs or damages, including but not limited to any monetary penalties, that Business Associate incurs arising from a violation by Priority Health of its obligations hereunder.

6.5. Exclusion from Limitation of Liability. To the extent that Business Associate has limited its liability under the terms of a separate agreement, whether with a maximum recovery for direct damages or a disclaimer against any consequential, indirect or punitive damages, or other such limitations, all limitations shall exclude all damages to Priority Health arising from Business Associate's breach of its obligations relating to the use and disclosure of Protected Health Information.

6.6. Third Party Rights. The terms of the BAA are not intended, nor should they be construed, to grant any rights to any parties other than Business Associate and Priority Health.

6.7. Entire Agreement. The BAA constitutes the entire agreement of the parties with respect to the parties' compliance with federal and/or state health information confidentiality laws and regulations, as well as the parties' obligations under the business associate provisions of 45 C.F.R. parts 160 and 164. The BAA supersedes all prior or contemporaneous written or oral memoranda, arrangements, contracts or understandings between the parties hereto relating to the same. The BAA does not supersede any prior or contemporaneous written or oral memoranda, arrangements, contracts or understandings between the parties hereto relating to the confidentiality of other Priority Health proprietary and/or confidential information that is not covered by the above laws relating to health information protection.

6.8. Electronic Transactions. Business Associate hereby represents and warrants that, to the extent that it is electronically transmitting any of the HIPAA Transactions for Priority Health, the format and structure of such transmissions shall be in compliance with the Transaction Standards.

6.9. Minimum Necessary. Business Associate shall, if practicable, use, disclose, or request Protected Health Information in a limited data set, as that term is defined in 45 C.F.R. § 164.514(e)(2). Otherwise, Business Associate shall request from Priority Health or a third party only the minimum amount of information necessary to perform services under the Agreement. Business Associate shall develop, implement, maintain and use policies and procedures to limit uses and disclosures of Protected Health Information to the minimum necessary to perform services under the Agreement. Business Associate shall determine what constitutes the minimum necessary Protected Health Information to accomplish the intended purpose of any disclosure and shall not rely on a request from a third party being for the minimum necessary, except as allowed by amendments to the Privacy Rule pursuant to the HITECH Act.

6.10. Injunctive Relief. Business Associate acknowledges and stipulates that its unauthorized use or disclosure of Protected Health Information while performing services pursuant to the BAA would cause irreparable harm to Priority Health, and in such event, Priority Health shall be entitled, if it so

elects, to institute and prosecute proceedings in any court of competent jurisdiction, either in law or in equity, to obtain damages and injunctive relief, together with the right to recover from Business Associate costs, including reasonable attorneys' fees, for any such breach of the terms and conditions of the BAA.

6.11. Notice. Section 15 of the Agreement shall govern all notices required under this BAA.

6.12. Owner of Protected Health Information. Under no circumstances shall Business Associate be deemed in any respect to be the owner of any Protected Health Information used or disclosed by or to Business Associate pursuant to the terms of the BAA.

6.13. Amendment. This BAA shall be deemed automatically amended to conform with any applicable new or revised law, rules and regulations to which Priority Health is subject now or in the future including, without limitation, the Privacy Rule, Security Standards or Transactions Standards, and HITECH Act (collectively "Laws").

Application for Contract

Profile Information

Name: _____ SS #: _____ - _____ - _____
(First) (Middle Initial) (Last)

Business address (the address of the physical location from which you ordinarily conduct business, whether it is your organization's home office, a satellite office, or from your own home):

(Street) (City) (State) (Zip)

Corporate or FMO/GA address:

(Street) (City) (State) (Zip)

Email Address: _____ Fax : (_____)

Business Phone: (_____) Cell Phone: (_____)

Are you now, or have you ever been, appointed with Priority Health or any of its subsidiaries? Yes No

If yes, list lines of business: _____

Licensing Information

Accident and Health License Number: _____ Expiration Date: _____

List states in which you are currently licensed: _____

Errors & Omissions (E & O) Coverage Information

E & O Policy Carrier: _____ E & O Policy Number: _____

Effective date: _____ Expiration date: _____ Policy Amount: _____

General Information

Please respond to all questions for you personally and any organization over which you have exercised control. If you answer "YES" to any of these questions, provide complete details on a separate sheet of paper.

1. Within the past 10 years, has any E & O carrier denied, paid claims on, or canceled your coverage? Yes No

2. Are you involved in any pending or current litigation, investigations or E & O claims? Yes No

3. With the exception to routine traffic violations, have you EVER been convicted of, or plead guilty or nolo contendere (no contest) in a court to:
 - (a) a misdemeanor, or Yes No
 - (b) a felony Yes No

(Such convictions will not automatically disqualify Agent candidates. The seriousness and nature of the crime, date of conviction and rehabilitation will be considered)

4. Have you ever been discharged or permitted to resign from your employment because you were accused of: Yes No
- (a) violating investment-related or insurance-related statutes, regulations, rules, or industry standards of conduct? Yes No
- (b) fraud or the wrongful taking of property? Yes No
- (c) violating company rules? Yes No
5. Have you ever been fined, reprimanded, sanctioned or been the subject of a consent decree in any state for a violation of insurance laws, HMO regulations or other administrative regulations? Yes No
6. Do you have any outstanding or unpaid indebtedness to an insurance company or General Agent? Yes No
7. Have you **EVER** had your insurance license suspended, revoked or terminated? Yes No
8. Have you **EVER** had a securities license or registration suspended, revoked or terminated? Yes No
9. Within the past 10 years, have you ever had a complaint filed against you that resulted in a fine, penalty, cease or desist order, censure or consent order? Yes No
10. Are there any outstanding or pending judgments, liens, or tax liens against you? Yes No
11. Have you ever defaulted on (a) a promissory note, or (b) any other debt, including consumer or credit card debt? Yes No
12. Within the past 5 years, have you initiated bankruptcy proceedings or been declared bankrupt? Yes No
 (If yes, attach a copy of court papers.)
13. Professional designations: CLU CHFC LUTC RHU CPCU Other: _____

I hereby certify that my answers to the questions contained in this application are true and correct. I acknowledge that PRIORITY HEALTH, a Michigan health maintenance organization (“Priority Health”) and PRIORITY HEALTH INSURANCE COMPANY, a Michigan insurance company (“PHIC”) (collectively the “Companies”) have informed me that investigative reports may be conducted on Agents for licensing purposes, initial and renewal state appointments, and at any time the Companies, at their discretion, deem it necessary to conduct background investigations. I expressly authorize the Companies to conduct these investigations and authorize all persons and entities (including past and present employers) to provide the Companies all requested information. I release from liability all persons and entities which supply said information to the Companies and agree to hold the Companies harmless from any liability for conducting this investigation and/or using said information. I authorize the Companies to use these investigative reports and to provide these reports and any other pertinent information to all third parties where the third parties’ legal interests and/or obligations are involved. I also authorize the Companies to distribute any financial, business, legal, tax or work performance history regarding me that it receives from third parties or which is generated by the Companies’ data source that is not part of the investigative report. I acknowledge that this application will form a part of my Agent Agreement with the Companies. I further understand that if any information provided in this application is found to be incorrect or incomplete, it may be grounds for rejecting this application or for termination of my contract, all in the sole discretion of the Companies. My signature below also signifies my agreement to the Companies’ current production requirements for the Individual Plans that can be viewed at www.priorityhealth.com.

I have completed all necessary documents. I understand the Companies will accept business from me upon completion and acceptance of the Agent Application, Agreement, Assignment of Commission and Agent Commission Schedule and Production Requirements for the MyPrioritySM Individual plans, Priority Health Medigap Plans, and Priority Health Medicare Plans.

Signature of Applicant

Date

ATTACHMENT A
Priority Health Individual Market
Agent Commission Schedule

1. Commission Schedule

- 1.1. The Companies agree to pay Agent commissions (the “Commissions”) for each sale and/or renewal of the Plans. The total Commissions payable to Agent shall be equal to the amount specified on the commission schedule posted in the Agent Center on Priority Health’s website.
- 1.2. The total Commissions payable to Agent shall be based on actual premium payments received. The Companies will not pay Commission on any premiums recovered through a collections process or as a result of legal action against an Individual, including, but not limited to, the filing of a Proof of Claim in a bankruptcy proceeding.
- 1.3. Commissions shall not be earned for any sale and/or renewal of the Plans made while Agent’s License or certification for MAPD sales is suspended or after the License or certification has been terminated.

Agent Will Not Receive Commissions For Any Month For Which The Companies Do Not Receive Premium.

2. Commission Payment

- 2.1. In consideration of Agent's services in marketing the Individual Plans, the Companies will pay Agent Commissions on a monthly basis. The Commissions shall generally be payable no later than 30 days after the end of the calendar month for which the Premiums are paid by the Individual. The Commissions shall be payable only to the Agent designated by an Individual as Agent on the Individual’s application.
- 2.2. In consideration of Agent's services in marketing the Medicare Advantage and/or Medicare Prescription Drug Plans, the Companies will pay Agent Commissions upon confirmation of an Individual’s enrollment by CMS. Following this initial confirmation of enrollment, the Commissions shall be payable annually for all plans for which the Premiums are paid by the Individual. The Commissions shall be payable only to the Agent designated by an Individual as Agent on the Individual’s application.
- 2.3. In consideration of Agent's services in marketing the Medicare Supplement (Medigap) Plans, the Companies will pay Agent Commissions on a monthly basis. The Commissions, including the initial commission payment, shall be payable no later than 30 days after the end of the calendar month for which the Premiums are paid by the Individual. The Commissions shall be payable only to the Agent designated by an Individual as Agent on the Individual’s application.
- 2.4. Commissions will be payable to the party designated on the attached Assignment of Commissions. Agent shall also complete and return the attached W-9 form to the Companies with this Agreement. The Companies will issue a Form 1099 at the end of the tax year to the party designated on the Assignment of Commissions, in accordance with IRS regulations. If the Companies do not receive a W-9 form from Agent, the Commissions may be subject to backup withholding.
- 2.5. The commission schedule may be amended by the Companies at their sole discretion at any time upon 30 days prior written or electronic notice to Agent.
- 2.6. If the Companies pay Agent more than the amount due to Agent as Commission, the

Companies will offset such overpayment against Agent's next Commission payment. If the Companies are unable to offset such overpayment, the Companies will send a notice of overpayment along with an invoice to Agent who will pay the balance owed to the Companies within 30 days of receiving a notice of overpayment. Agent shall promptly notify the Companies if Agent becomes aware of an overpayment. Overpayments may arise several ways, including, but not limited to, retroactive disenrollment of members, CMS' failure to confirm enrollment (when applicable), termination of an Individual (and covered dependents if applicable) for failure to pay premium, or the Companies' payment of an incorrect amount of Commission.

- 2.7. Agent shall notify Companies of any payment Agent believes is owing by Companies. Agent's notice to Companies must be in writing and received within 90 days from the date of the commission statement in question. Agent will forfeit any underpaid Commissions owing by Companies if Agent fails to timely notify Companies of a potential underpayment. Commission adjustments will be made retroactively up to 12 months.

ATTACHMENT B
Assignment of Commissions

Commission Assignment

Please Select Desired Payment Option Below and provide requested information. Multiple options may be selected.

Note: Two separate agent numbers will be provided if multiple payments options are selected; it is the agent's responsibility to submit applications with their correct agent number.

Product	Pay to Agent		Pay to Agency		Field Market Organization (FMO) / General Agency (GA) (if applicable)
MAPD	Name:		Agency:		FMO / GA Name:
	SS#:	- -	FIN:	-	
Medigap	Name:		Agency:		FMO / GA Name:
	SS#:	- -	FIN:	-	
MyPriority	Name:		Agency:		FMO / GA Name:
	SS#:	- -	FIN:	-	

In the Event of termination with your Agency:

For These Products:

- | | |
|---|---|
| <p>1. Collateral Assignment: all owed commissions will be paid to Agent.</p> <p>2. Absolute Assignment: all owed commissions will be paid to Agency (not applicable to Medicare Advantage and/or MAPD commissions).</p> | <p><input type="checkbox"/> Medicare <input type="checkbox"/> Medigap <input type="checkbox"/> MyPriority</p> <p><input type="checkbox"/> Medigap <input type="checkbox"/> MyPriority</p> |
|---|---|

Effective date if other than effective date of Agreement: _____

NOTE: Approval and appointment to sell Priority Health Medicare Plans is incomplete until all certification requirements for Medicare Advantage (MAPD) sales are completed.

Agent Acknowledgement

I hereby bind my Beneficiary and Personal Representative to the full performance of the terms and conditions of this Assignment of Commissions. PRIORITY HEALTH and PRIORITY HEALTH INSURANCE COMPANY are hereby directed and authorized to make payment of all above specified sums due here as directed above.

This Assignment of Commissions shall remain in effect until written notice of the termination hereof by me has been received by PRIORITY HEALTH and PRIORITY HEALTH INSURANCE COMPANY.

Agent Signature: _____

Date: _____

Agent Printed Name: _____

EXHIBIT (PAGE 1)

Print or type See Specific Instructions on page 2.	Form W-9 (Rev. November 2005) Department of the Treasury Internal Revenue Service		Request for Taxpayer Identification Number and Certification		Give form to the requester. Do not send to the IRS.
	Name (as shown on your income tax return)				
	Business name, if different from above				
	Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶				<input type="checkbox"/> Exempt from backup withholding
	Address (number, street, and apt. or suite no.)			Requester's name and address (optional)	
	City, state, and ZIP code				
List account number(s) here (optional)					

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
+
or
Employer identification number
+

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

In 3 above, if applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes, you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

EXHIBIT (PAGE 2)

Form W-9 (Rev. 11-2005)

Page 2

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien.

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments (after December 31, 2002). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules regarding partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line. Check the appropriate box for your filing status (sole proprietor, corporation, etc.), then check the box for "Other" and enter "LLC" in the space provided.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

EXHIBIT (PAGE 3)

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

Exempt payees. Backup withholding is not required on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt recipients 1 through 7

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.socialsecurity.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer ID Numbers under Related Topics. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.